

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 CIAE-00 COME-00 DODE-00

DOT-00 FMC-01 INR-07 NSAE-00 RSC-01 CG-00 COA-01

DLOS-03 AID-05 CEA-01 EA-06 FRB-03 NEA-09 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 L-02 XMB-02

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DRAFTED BY EB/TT/MA:JPSTEINMETZ:EW

APPROVED BY EB/TT/MA:RKBANK

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS

INFO AMEMBASSY BRUSSELS

USMISSION GENEVA

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E.O. 11652:N/A

TAGS:EWWT, OECD

SUBJECT:US POSITION RE OECD UNDERSTANDING ON EXPORT
CREDIT FOR SHIPS

REF: OECD PARIS 2771

1. RE REFTTEL, MISSION MAY INFORM AMB. GRUBEL, USG DOES NOT
BELIEVE INFORMAL MEETING BETWEEN US EXPERT AND WP-6 MEM-
BERS OR DIALOGUE TO EXPLAIN U.S. POSITION ON THE OECD
GENERAL UNDERSTANDING ON EXPORT CREDITS FOR SHIPS IS
NECESSARY. WE VIEW PRESENT EFFORT AS PURELY FRENCH
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INITIATIVE SUPPORTED BY THE JAPANESE WHICH IS NOT IN THE

U.S. INTEREST. WE ARE ALSO OF THE OPINION THAT MOST INTERESTED OECD WP-6 MEMBER GOVERNMENT MARITIME OFFICIALS ARE AWARE OF REASON WHY USG IS NOT A PARTY TO THE UNDERSTANDING AND ONLY AN OBSERVER AT WP-6 SESSIONS, I.E. US SHIPYARDS ARE NOT COMPETITIVE IN SHIPBUILDING FOR EXPORT, THE MAJOR CONCERN OF THE WP. SINCE US POSITION HAS ALREADY BEEN ARTICULATED IN STATE 19019 AND 19288, WE THINK THE MOST EXPEDITIOUS WAY TO HANDLE THIS MATTER IS FOR AMB. GRUBEL, AS WP CHAIRMAN, TO RELAY TO WP-6 MEMBERS SUBSTANCE OF AMB. TURNER'S EXPLANATION. THE FACT THAT USG WOULD CONSIDER REVIEW OF QUESTION OF ADHERENCE IN THE EVENT OUR SHIPYARDS EVER BECAME COMPETITIVE IN EXPORT

MARKET IS MORE THAN SUFFICIENT EVIDENCE OF OUR GOOD FAITH AND SHOULD ALLAY ANY ALLEGED FEARS, SUSPICION OR CONJECTURE BY OTHERS RE USG INTENTIONS.

2. RE PARA 2, REFTEL, DEPARTMENT CONSIDERS AMB. GRUBEL'S IMPLICATION THAT US SHIPBUILDING SUBSIDY PROGRAM IN VIOLATION OF 1974 TRADE PLEDGE TO BE ERRONEOUS. TRADE PLEDGE ADDRESSES FUTURE RESTRICTIVE TRADE ACTIONS THAT MIGHT BE TAKEN BY AN OECD MEMBER GOVERNMENT. US SHIPBUILDING AND SUBSIDY PROGRAM, WHICH REFLECTS LONG STANDING US DESIRE TO MAINTAIN BOTH US FLAG MERCHANT MARINE AND DOMESTIC SHIPBUILDING CAPABILITY, PREDATES PLEDGE BY SEVERAL DECADES AND IS NOT INCONSISTENT WITH THOSE OECD OBLIGATIONS USG HAS AGREED TO. MOREOVER, AMERICAN-FLAG LNG CARRIERS UNDER CONSTRUCTION IN OUR YARDS FOR OUR TRADES ARE NOT BEING FINANCED WITH EXIMBANK CREDITS. EXIMBANK, HOWEVER, IS PROVIDING CREDITS FOR THE PURCHASE OF EQUIPMENT AND MATERIALS FOR THE CONSTRUCTION OF LNG LAND-BASED FACILITIES ABROAD. MISSION MAY WISH TO BRING FOREGOING TO AMB. GRUBEL'S ATTENTION. KISSINGER

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